



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

January 13, 2004

The Honorable Board of Supervisors
County of Los Angeles
500 West Temple Street
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO AUTHORIZE THE EXECUTION OF
AMENDMENT NUMBER EIGHT TO THE LEADER AGREEMENT NUMBER 68587
WITH UNISYS CORPORATION
(JANUARY 13, 2004 AGENDA ITEM)
(ALL DISTRICTS – 3 VOTES)**

**JOINT RECOMMENDATION WITH THE CHIEF INFORMATION OFFICER THAT
YOUR BOARD:**

Approve, and instruct the Chair to sign upon receipt of State and federal approvals, the attached Amendment Number Eight to County Agreement Number 68587 (LEADER Agreement) with Unisys Corporation to: 1) increase the Total Maximum Contract Sum by \$15,481,887 to provide up to 8,000 hours per month of LEADER Modifications and/or Enhancements hours (M&E hours) through the remaining term of the LEADER Agreement; 2) establish a new fixed hourly rate of \$123.00; 3) increase the monthly M&E hours from 4,000 to 8,000 hours per month during any extended term of the LEADER Agreement; and 4) amend Paragraph 19.0 (Subcontracting) of the LEADER Agreement to amend the terms pursuant to which Unisys may employ subcontractors to provide services and support during the remainder of the Agreement and any extended term.

An increase in the number of M&E hours is needed to: allow for the timely implementation of modifications and enhancements to the LEADER software arising from County, State and federal mandates; and maintain the effectiveness of the LEADER System to adequately support the more than 11,000 LEADER System users Countywide.

This Amendment will increase the Total Maximum Contract Sum from \$180,893,588 to \$196,375,475. The additional \$15,481,887 will be subvented by State and federal revenue in the amount of \$13,297,393. The Net County Cost (NCC) for FY 2003-04 is \$796,070 and is included in the FY 2003-04 Adopted Budget. The NCC for FY 2004-05 is \$1,388,424 and will be included in the FY 2004-05 Budget Request.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to modify the LEADER Agreement to increase the Total Maximum Contract Sum by \$15,481,887 to provide for up to 8,000 monthly M&E hours at a new fixed hourly rate of \$123.00, through the remaining term of the LEADER Agreement, increase the monthly M&E hours from 4,000 to 8,000 hours per month during any extended term of the LEADER Agreement; establish a new fixed hourly rate of \$123.00 for the additional 4,000 M&E hours per month during any extended term of the LEADER Agreement; and amend Paragraph 19.0 (Subcontracting) of the LEADER Agreement to set forth the terms pursuant to which Unisys may employ subcontractors to provide part, but not all, Facilities Management/Operations and Application Software Modifications and/or Enhancements during the remainder of the current Agreement and any extended term.

The attached chart identifies the fixed hourly rates that will apply for the remainder of the initial term as well as during the optional extended term.

Increase in the Number of Modifications and/or Enhancements (M&E) Hours

Under the original LEADER Agreement, approved by your Board in 1995, a fixed hourly rate of \$76.02 was established for M&E hours. These hours will be exhausted by the end of January 2004.

Amendment Number Eight provides for an additional 8,000 M&E hours per month during the remainder of the Agreement at a new fixed hourly rate of \$123.00. Based on discussions with the State, this fixed hourly rate is reasonable based on the size and complexity of the LEADER System. Additionally, our initial request to the State had asked for approval of a fixed hourly rate of \$168.00, which was Unisys' original proposal. The State approved that request. However, as a result of subsequent negotiations with Unisys, DPSS was able to negotiate a more favorable fixed hourly rate of \$123.00.

Also, the LEADER System supports thirty-eight percent (38%) of the California caseload, yet it is operating on the smallest number of monthly M&E hours as compared to the other California consortia. For example, the Interim Statewide Automated Welfare System (ISAWS) which supports approximately twelve percent (12%) of the California caseload is operating on 11,000 monthly M&E hours, whereas, the LEADER System is currently operating on less than 3,200 monthly M&E hours.

Additionally, due to the perpetually changing nature of public assistance programs, as well as the constant stream of rule changes and critical system updates that must be incorporated into the LEADER software, experience has demonstrated that 8,000 hours per month are needed to maintain the effectiveness and efficiency of the LEADER System.

When the LEADER Request for Proposals was released in 1995, 4,000 M&E hours per month were used as an estimate for vendors' proposals and were considered to be adequate. However, the following events required that M&E hours be utilized beyond the original projected 4,000 hours per month.

- (1) On December 21, 1998, your Board approved Amendment Number Three to the LEADER Agreement that extended the Initial Term an additional twelve months to implement Welfare Reform modifications for the LEADER Application Software. In addition, pursuant to Amendment Number Three, the County began to utilize M&E hours prior to the original date in the LEADER Agreement to implement critical LEADER System updates identified during the Pilot Test.
- (2) On March 16, 1999, your Board approved Modification Notice Number Three to the LEADER Agreement that extended the Initial Term by three months in order to lengthen the Acceptance Test period.
- (3) On October 10, 2000, your Board approved Amendment Number Four to the LEADER Agreement to implement the Multi-Host Partitioned Database Architecture that extended the Initial Term an additional nine months.
- (4) In order to meet new County and State requirements, additional modifications to the LEADER software, such as the Cash Assistance Program for Immigrants (CAPI) and California Food Assistance Program (CFAP), were implemented, which consumed a large number of M&E hours as well.

In January 2003, the Internal Services Department (ISD) reviewed the LEADER System and determined that based on the usage rate of M&E hours per month, the M&E hours for the original term of the Agreement would be exhausted by the end of February 2004. That determination proved to be accurate. Based on current calculations, we will deplete our M&E hours by the end of January 2004. If the number of current M&E hours is not increased, changes cannot be implemented. This will adversely affect the ability of the County to fulfill its obligations to applicants and participants.

Under the LEADER Agreement, the County has the option to extend the LEADER Agreement term up to twenty-four additional months on a month-to-month basis at the end of the original Agreement term. This Amendment allows for an additional 4,000 hours per month, at a combined total of 8,000 hours per month, which would be billed as follows: the first 4,000 hours per month will be billed at the 1995 negotiated rate of \$83.62. The extension years were negotiated at a higher M&E hourly rate than the initial term of the contract, which was negotiated at a \$76.02 hourly rate. The additional 4,000 hours per month will be billed at the new fixed hourly rate of \$123.00.

Use of Subcontractors to Perform Modifications and/or Enhancements

Pursuant to Paragraph 19.0 (Subcontracting) of the LEADER Agreement, DPSS is authorized to act on behalf of the County regarding approval of any subcontractors.

Amendment Number Eight revises Paragraph 19.0 (Subcontracting) to exempt from County approval, those subcontractors of Unisys and its subcontractors, which will perform only a part of, but not all, Facilities Management/Operations and Application Software Modifications and/or Enhancements and which did not provide specific key personnel. This change, however, does not relieve Unisys of any of its obligations and responsibilities under the LEADER Agreement, and the LEADER Agreement takes precedence over any subcontract.

Implementation of Strategic Plan Goals

The recommendation is consistent with the principles of County Strategic Plan Goal #1 (Service Excellence) to provide the public with easy access to quality information and services that are both beneficial and responsive. In addition, this Amendment is consistent with DPSS' objectives for increasing the efficiency and effectiveness of departmental programs through expanded information technology and communications.

Expansion of the LEADER System is part of the DPSS Business Automation Plan.

FISCAL IMPACT/FINANCING

Amendment Number Eight increases the current Total Maximum Contract Sum of the LEADER Agreement from \$180,893,588 to \$196,375,475.

Costs for Fiscal Year 2003-04

The total estimated costs for Amendment Number Eight in FY 2003-04 are \$5,641,887. These costs will be financed using \$4,845,817 State and federal revenue and \$796,070 NCC. Sufficient funding is included in the FY 2003-04 Adopted Budget.

Costs for Fiscal Year 2004-05

The total estimated costs for Amendment Number Eight in FY 2004-05 are \$9,840,000. These costs will be financed using \$8,451,576 State and federal revenue and \$1,388,424 NCC. Sufficient funding will be included in the Department's FY 2004-05 Budget Request.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 12, 1995, your Board approved the LEADER Information Technology Agreement Number 68587 between the County and Unisys. Execution of this Amendment is contingent upon receipt of State and federal approval.

This Amendment was negotiated and prepared by DPSS staff and reviewed and approved as to form by County Counsel. As with the existing LEADER Agreement and its previous amendments, outside counsel, Mitchell, Silberberg & Knupp LLP, also reviewed and commented on the Amendment in accordance with your Board's policy regarding technology contracts.

This is not a Prop A contract and accordingly is exempt from the requirements of the Living Wage Ordinance.

CONTRACTING PROCESS

Unisys was selected via a competitive solicitation. On September 12, 1995, your Board awarded a 7.5-year contract (with the option for two additional years) to Unisys to provide an automated welfare system within 42 months and to operate the system for an additional 48 months. Amendment Number Three and Amendment Number Four approved by your Board extended the 7.5-year contract term by two years to April 30, 2005, making the Initial Term of the LEADER Agreement nine (9) years and six (6) months. The LEADER Agreement provides for the County to extend the LEADER Agreement term for up to twenty-four months on a month-to-month basis.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The execution of Amendment Number Eight augments the LEADER System by enhancing services to the participant population.

CONCLUSION

Upon receipt of State and federal approvals and funding of this Amendment, DPSS will notify the Executive Officer, Board of Supervisors, and request the return of three (3) original signed copies of this Amendment and one (1) adopted stamped Board Letter to the Department of Public Social Services.

Respectfully submitted,



BRYCE YOKOMIZO
Director

BY/JWF:pcr

Attachments

- c: Executive Officer, Board of Supervisors
 Chief Administrative Officer
 County Counsel
 Auditor-Controller
 Chair, Information Systems Commission



JON W. FULLINWIDER
Chief Information Officer

AMENDMENT NUMBER EIGHT TO THE LEADER AGREEMENT WITH UNISYS CORPORATION
FIXED RATE PRICES FOR APPLICATION SOFTWARE MODIFICATIONS AND/OR ENHANCEMENTS

INITIAL TERM - (Through 4/30/05)	FIXED HOURLY RATE	MAXIMUM TOTAL PRICE
LEADER Application Software Modifications and/or Enhancements** Fixed Rate Price Total (Maximum Total Price based on 4,000 hours per month.)	\$76.02 (for a maximum of 192,000 Hrs.)	\$14,595,840.00
LEADER Application Software Modifications and/or Enhancements** Fixed Rate Price Total (Maximum Total Price based on 8,000 hours per month effective January 2004.)	\$123.00 (After exhaustion of the initial 192,000 Hrs.)	\$15,481,887.00

** The 192,000 hours at the \$76.02 Fixed Hourly Rate shall be completely exhausted before any hours at the \$123.00 Fixed Hourly Rate are used.

OPTIONAL EXTENDED TERM YEAR 1 - (5/2005 - 4/2006)	FIXED HOURLY RATE	MAXIMUM TOTAL PRICE
LEADER Application Software Modifications and/or Enhancements Fixed Rate Price Total	\$83.62 (for up to 4,000 Hrs. Per Month)	\$4,013,760.00
LEADER Application Software Modifications and/or Enhancements Fixed Rate Price Total	\$123.00 (for Hours 4001 - 8000 Per Month)	\$5,904,000.00
OPTIONAL EXTENDED TERM YEAR 2 - (5/2006 - 4/2007)	FIXED HOURLY RATE	MAXIMUM TOTAL PRICE
LEADER Application Software Modifications and/or Enhancements Fixed Rate Price Total	\$83.62 (for up to 4,000 Hrs. Per Month)	\$4,013,760.00
LEADER Application Software Modifications and/or Enhancements Fixed Rate Price Total	\$123.00 (for Hours 4001 - 8000 Per Month)	\$5,904,000.00